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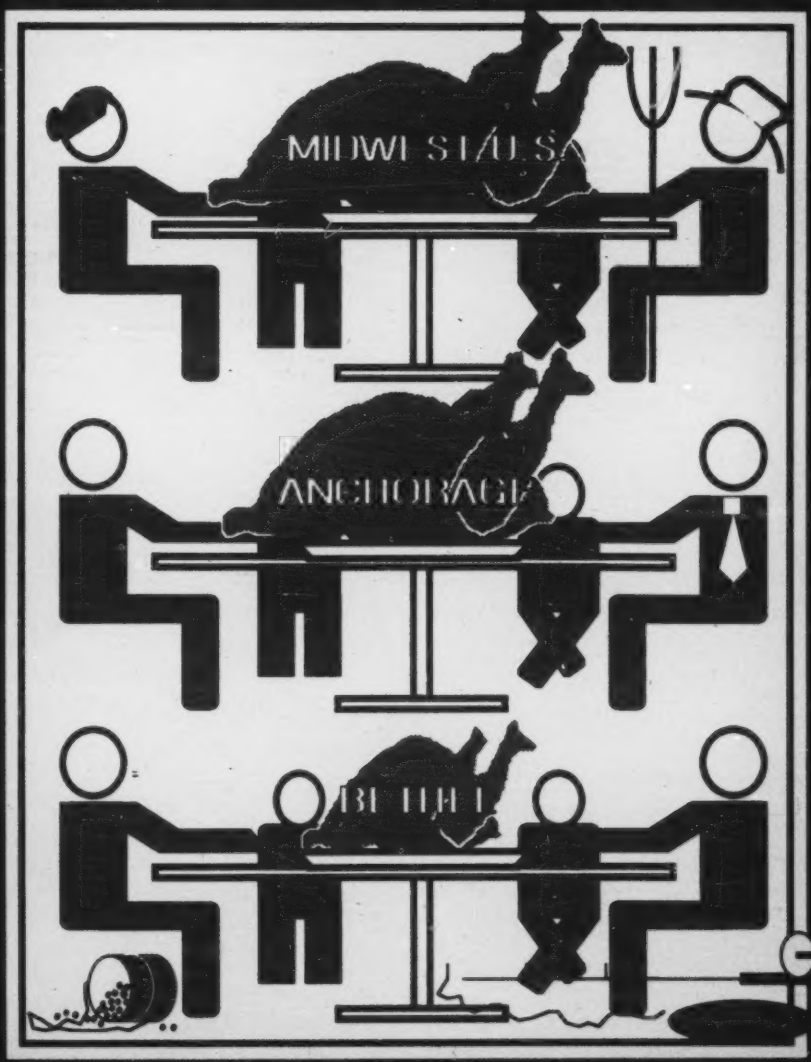
MAY 1986
ALASKA ECONOMIC TRENDS

Alaska Department of Labor **Bill Sheffield, Governor, State of Alaska**

What your food dollar will buy in...



The Cost of Living in Alaska

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

Judy Knight, *Director, Administrative Services*
Chuck Caldwell, *Chief, Research and Analysis*
Edward Eboch, *Editor*

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

The Cost of Living in Alaska

By John Boucher

Perhaps the question most often asked of Research and Analysis is how much does it cost to live in Alaska compared to my community? or its permutation how much more does it cost to live in Nome than in Anchorage (or Juneau or Kodiak)? The best answer to these questions in every case is that we don't know exact cost of living differentials. What we do know is that it costs more to live in Anchorage than in Seattle, that living costs are generally higher in Alaska's smaller cities than in Anchorage, and that rural Alaska's costs are probably the highest in the nation. Seldom though is the average inquirer satisfied with that answer and understandably so, especially when business and personal decisions hang in the balance. This article is Research and Analysis' annual attempt at answering some of the questions surrounding the cost of living in Alaska.

The inventory of data measuring cost of living differentials between different Alaskan locations and between Alaskan locations and lower 48 locations is scarce. Since our 1985 edition of this article, two additions have been made to available cost of living information and both help to shed light on the cost of living issue. The two additions were the American Chamber of Commerce Researchers Association's (ACCRA) quarterly cost of living index and the recently published study commissioned by the State of Alaska entitled *Alaska Geographic Differential Study, 1985*. The ACCRA index is particularly useful in determining living costs between Alaskan locations and lower 48 locales, while the *Alaska Geographic Differential Study, 1985* is designed to differentiate living costs between Alaskan locations.

ACCRA Index

Each quarter the American Chamber of Commerce Researchers Association gathers prices from more than 200 cities throughout the U.S. and compiles them into the *Inter-City Cost of Living Index*. All items are priced at the local level by Chamber of Commerce research personnel at specified times by standard methodology and then converted to an index number.

The ACCRA index measures relative price differences for consumer goods and services in the participating cities by comparing them to the national average of 100. The 59 items that are priced are limited so the ACCRA does not treat percentage differences between two index numbers as exact cost of living differentials. Differences of three index numbers (e.g. 104 versus 107) are considered to be insignificant and may not correctly show which city is more expensive to live in. If there is a difference of more than three index points it may be con-

sidered to represent a difference in cost of living between the two locations but the percentage difference should be considered only an indication of the difference in the cost of living rather than an exact measure. It should be noted that the ACCRA index does not include state and local taxes which in any area are an integral part of the cost of living. ACCRA is aware of this omission, however because of the difficulty of measuring each areas total tax burden taxes are purposely omitted.

Table 1 is excerpted from the fourth quarter 1985 ACCRA index and compares Anchorage and Juneau to 21 other cities in the United States. Data on additional cities in the ACCRA survey is also available. The cities chosen are only a representative sample. With the exception of New York City, the two Alaskan locations were far and away the most expensive of the cities surveyed. In Anchorage, housing costs, health care costs, groceries and miscellaneous goods and services were significantly above the national average, while in Juneau nearly all of the indexes were at least 30% above the national average and health care costs were more than twice the national norm. It should be noted here that the Juneau index was compiled during the first quarter of 1986 by Research and Analysis staff using ACCRA's procedures for developing the index. It is therefore not strictly comparable to the other indexes presented but it does represent a reasonable facsimile of the other indexes. Table 2, with the exception of Juneau, is excerpted from actual price data gathered by ACCRA during the survey and represent the average price for the item during the fourth quarter. Both the index numbers and average prices are published in the *Inter-City Cost of Living Index*. The ACCRA quarterly survey is available directly to those who wish to subscribe at a yearly rate of $75.00. Subscriptions may be ordered by writing to the following address:

Mrs. Alice Klein
ACCRA Project Treasurer
Louisville Chamber of Commerce
One Riverfront Plaza
Louisville, KY 40202

Data for individual cities represented in the survey is available from Research and Analysis, but wholesale duplication of the publication is strictly prohibited.

Alaska Geographic Differential Study, 1985

A comprehensive study of the State of Alaska's geographic pay differentials was commissioned in 1984, at the request of the Alaska Public Employees Association (APEA) and the Alaska Department of

Table 1
ACCRA INTER-CITY COST OF LIVING INDEX
FOURTH QUARTER 1985

Region City, State	All-Items Index	Grocery Items	Housing	Utilities	Trans-portation	Health Care	Misc. Goods & Services
West							
ANCHORAGE, AK	139.4	138.9	178.7	92.3	113.6	178.4	130.2
JUNEAU, AK. 1/	143.7	136.0	140.42/	148.6	118.4	233.8	138.7
Denver, CO	108.9	110.3	134.5	73.9	112.9	107.3	100.9
Portland, OR	102.9	107.8	99.1	68.8	117.0	134.9	101.8
San Diego, CA	116.5	97.8	164.5	81.8	108.1	140.5	102.7
Seattle, WA	107.1	110.6	108.2	51.7	118.2	129.4	114.8
Southwest							
Albuquerque, NM	103.3	109.4	113.6	78.7	103.5	109.8	99.6
Dallas, TX	112.5	107.7	120.2	121.9	111.7	115.1	106.0
Oklahoma City, OK	98.1	105.4	92.5	108.1	92.2	94.1	98.0
Phoenix, AZ	107.5	99.6	114.6	101.7	108.2	119.3	105.7
Midwest							
Columbus, OH	100.9	101.3	96.2	107.2	104.1	105.4	99.5
Indianapolis, IN	98.6	99.7	96.9	95.7	109.7	97.9	95.5
Quad-Cities, IA-IL	95.0	91.8	93.4	95.9	107.2	102.2	90.8
St. Louis, MO	97.2	95.1	96.1	95.1	102.5	99.0	97.2
Southeast							
Atlanta, GA	107.7	97.9	119.2	129.0	101.0	101.8	101.3
Birmingham, AL	100.7	93.7	98.0	124.4	101.9	98.0	98.0
Louisville, KY	97.5	100.8	87.1	105.9	96.7	109.2	97.7
Miami, FL	111.7	102.3	114.6	124.2	104.8	121.5	110.9
Atlantic/New Eng.							
Baltimore, MD	104.7	103.4	113.0	95.5	106.0	104.0	102.2
Fall River, MA	104.5	99.1	113.1	124.5	89.9	101.3	100.6
Hartford, CT	112.2	106.2	129.1	121.7	100.3	105.3	106.5
New York, NY	142.5	107.7	190.7	195.7	119.1	159.7	113.4
Philadelphia, PA	116.0	111.9	116.5	150.6	107.1	125.7	106.8

1/ Juneau observations are for 1st Quarter 1986.
2/ Juneau Housing index was not developed exactly according to ACCRA standards, which may account for the differential between the Anchorage and Juneau housing indexes.

Administration, Division of Labor Relations. The pay scale currently in place compensates employees for differences in living costs of Alaska communities based on a 1972 survey. The *Alaska Geographic Differential Study, 1985* was an attempt to update the cost of living information and then restructure the state's geographic pay differentials based upon the new information.

The *Alaska Geographic Differential Study, 1985* divided state em-

Table 3
Geographic Area Cost Differential
1985

Class District	Differential
Out of State	
Seattle	.86
Urban	
Palmer/Wasilla	.94
Anchorage (Base)	1.00
Seward	1.00
Sitka	1.01
Kenai/Soldotna	1.01
Ketchikan	1.02
Juneau	1.03
Fairbanks/Fort Yukon	1.03
Intermediate	
Icy Strait/Lynn Canal	1.05
Kodiak	1.06
Cordova/Valdez	1.11
Remote/Rural	
Aleutian Islands	1.26
Wade Hampton	1.26
Bristol Bay	1.29
Yukon Kuskokwim	1.29
Nome	1.33
Bethel	1.39
Barrow/Kotzebue	1.45

Source: *Alaska Geographic Differential Study, 1985*, State of Alaska, Department of Administration, Division of Labor Relations. April 1985.

Table 4
Cost of Food at Home for a Week
Family of 4 with Elementary School Children

	Cost	% of Anchorage
Anchorage	85.67	100%
Bethel	146.02	170%
Dillingham	139.30	163%
Fairbanks	91.72	107%
Homer	113.68	133%
Juneau	91.30	107%
Kenai/Soldotna	91.15	106%
Ketchikan	88.11	103%
Kodiak	112.69	132%
Kotzebue	136.51	159%
Larsen Bay	137.43	160%
MatSu	87.49	102%
McGrath	137.99	161%
Nome	146.81	171%
Sitka	96.42	113%
Tok	120.17	140%
Western U.S.	84.20	98%
Southern U.S.	78.50	92%
Midwestern U.S.	77.30	90%
Northeastern U.S.	85.10	99%

Source: Cost of Food at Home for a Week, University of Alaska, Cooperative Extension Service and United States Dept. of Agriculture.

ployees into 20 different geographic regions, one of which is for out-of-state employees. The 19 in-state regions were chosen because that is the current way in which state employees are divided for the payment of their geographic differential. These boundaries coincide with the election districts in place in Alaska in 1961.

Since the study may affect a large block of state employees compensation, the study is under severe scrutiny by both the state and APEA. The accuracy of the study has yet to be officially confirmed, but it does represent the most recent comprehensive cost of living study that has been performed in the state. The study found that the state could be divided into three groups in terms of cost of living differences; urban, intermediate, and remote/rural.

Table 5
Cost of a "Big Mac" Meal
by Location for Alaska 1/

Location	Big Mac	Large Fries	Medium Drink	Total Meal
Adak	1.99	.99	.85	3.83
Anchorage	1.65	.85	.70	3.20
Eagle River	1.65	.85	.70	3.20
Fairbanks	1.79	.89	.75	3.43
Homer	1.81	.92	.74	3.47
Juneau	1.80	.95	.70	3.45
Ketchikan	1.80	.95	.70	3.45
Kodiak	1.80	.95	.75	3.50
Soldotna	1.76	.89	.71	3.36
Wasilla	1.65	.85	.70	3.20

1/ Prices Surveyed Week of April 7-11.

Table 6
Per Capita Personal Income
by Metropolitan Statistical Area
Including Fairbanks and Juneau
1983

West		**Southeast**	
ANCHORAGE, AK	19,188	Atlanta, GA	13,848
FAIRBANKS, AK	20,764	Birmingham, AL	11,446
JUNEAU, AK	21,253	Louisville, KY	12,309
Denver, CO	15,783	Miami, FL	13,249
Portland, OR	13,247		
San Diego, CA	13,474	**Atlantic/New Eng.**	
Seattle, WA	14,787	Baltimore, MD	13,563
		Fall River, MA	12,051
Southwest		Hartford, CT	15,925
Albuquerque, NM	12,305	New York, NY	15,076
Dallas, TX	15,861	Philadelphia, PA	13,746
Oklahoma City, OK	13,201		
Phoenix, AZ	13,199	**United States**	12,772
Midwest			
Columbus, OH	12,609		
Indianapolis, IN	12,997		
Quad-Cities, IA-IL	12,611		
St. Louis, MO	13,991		

Source: U.S. Department of Commerce
Bureau of Economic Analysis. April 1986

Of the 19 election districts, Anchorage was considered the basis for comparison, and eight other election districts were found to have approximately the same living costs as Anchorage. Seven election districts were considered to have costs significantly higher than all other districts and three districts had somewhat higher costs than the urban districts but had significantly lower costs than the seven remote/rural districts. Table 3 breaks down the individual districts by category and differential. For further information about the *Alaska Geographic Differential Study, 1985* contact the Alaska Department of Administration, Division of Labor Relations.

Other Available Data

Other data sources are useful in comparing living costs both inside and outside of Alaska. *The Cost of Food at Home for a Week* is published by the University of Alaska Cooperative Extension Service and is funded by the U.S. Department of Agriculture. Table 4 presents the cost to feed a family of four in different Alaskan locales and in four different geographic regions of the U.S. The Alaska observations are for December 1985 and the U.S. observations are for January 1986. The Department of Labor's "Big Mac Meal Index" (Table 5) compares the cost of a McDonald's Big Mac, drink and fries for those Alaska communities with a McDonald's restaurant. Also presented is per capita personal income (Table 6) which compares 1984 per capita income among Metropolitan Statistical Area's included in the ACCRA index.

Summary

Data presented in this article is not intended to provide a comprehensive cost of living comparison either between Alaskan locations or between Alaska and the Lower 48. These data are meant to provide a reasonable idea about what costs could be incurred by locating in different parts of Alaska. Different lifestyles and the peculiarities of individual communities make it nearly impossible to obtain a definitive answer of the cost differentials pertinent to individuals, however: we hope these data provide assistance to individuals or business' evaluation of living cost differentials.

Alaska

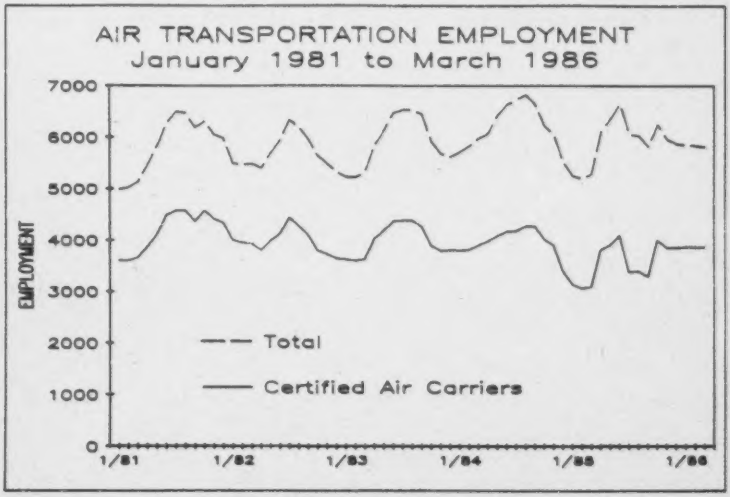
By Edward Eboch

Airline Deregulation

Alaska has experienced both the benefits and costs of airline deregulation. Improved service and cheaper fares to some areas and loss of service to other areas are evidence of a fast changing industry. As a result of entry and exit of firms employment estimates have given indications of declines in employment in 1985 and are now giving indications of rapid increases (see graph). Both estimates are misleading.

The most notable recent change in the airline industry has been the loss of Wein Air service. By late 1984 Wein had stopped serving eleven in-state destinations. While Wein tried to make a comeback in the second quarter 1985, by the third quarter it was again in difficulty, with only about 5% of previous employment. The loss of Wein accounts for much of the decline in employment in late 1984 and 1985 (see graph). As 1985 progressed, air taxi and commuter airlines moved quickly to fill the void left by Wein.

The airline industry is still in the middle of a dramatic change in the way they operate. Air fare wars in Alaska, rare in the past,now seem to be increasing. New competitors are entering an arena already characterized by low margins. Deregulation and postal rules that dispersed rural mail to all certified carriers have resulted in over-service



to some rural areas. The potential reduction of federal subsidies may mean less jet service to some smaller communities. West coast low cost carriers are viewing Alaska as a site for potential extensions of their markets.

With the shakeout still in progress, mergers and failures will occur as smaller operators and high cost operators find themselves unable to face growing competition and costs. While a record tourist season may delay the shakeout, the benefits of the a good tourist season will be offset by reductions in business and state government travel. The industry will be more efficient as a result of these changes which mean little employment growth can be expected over the next few years.

Current Events

Employment in March increased from the previous month but the increase was much less than normal for this time of year. With the late winter snows over much of the state the typical seasonal upswing was either not observed, or was observed to be less than usual, for several industries. Contrary to the typical trend, construction employment declined in March, albeit slightly. Some transportation and trade sectors also suffered slight declines

March was also the first month that the year to year increase in employment did not exceed one percent for some time. While a decline in construction was expected, the size of the decline was partly a result of the unusually late winter. This decline in construction employment offset attractive over-the-year gains in finance, insurance and real estate and in services. Government employment also increased due to gains in federal employment and local noneducational employment.

Table 2
AVERAGE PRICE COMPARISON OF SELECTED ITEMS
ACCRA INTER-CITY COST OF LIVING INDEX
FOURTH QUARTER 1985

Region City, State	1 lb T-Bone Steak	1 lb Ground Beef	½ gal Whole Milk	10 lb Potatoes	1 lb Coffee	5 lb Sugar	2 BR Apartment Rent	House Purchase Price	Total Energy Costs	1 Party Telephone	1 gal Gas	Hospital Room	Office Visit Dentist
West													
ANCHORAGE, AK.	$2.98	$1.24	$1.74	$2.48	$3.94	$2.35	$700	$154,000	$109.85	$10.22	$1.18	$317.50	$51.67
JUNEAU, AK. 1/	$4.99	$1.47	$1.64	$1.81	$4.16	$1.87	$636	$139,360	$172.01	$22.30	$1.40	$350.00	$96.00
Denver, CO	$3.74	$1.19	$1.29	$1.36	$2.64	$1.88	$412	$120,720	$84.82	$11.73	$1.17	$220.00	$33.40
Las Vegas, NV	$3.09	$1.03	$1.05	$1.25	$2.45	$1.49	$409	$92,720	$90.36	$7.48	$1.18	$209.00	$28.20
San Diego, CA	$2.51	$1.06	$1.00	$1.06	$2.46	$1.48	$695	$133,600	$95.97	$10.85	$1.22	$266.75	$44.00
Seattle, WA	$3.66	$1.19	$1.14	$0.72	$2.98	$2.06	$428	$90,000	$51.99	$16.77	$1.24	$241.00	$35.00
Southwest													
Albuquerque, NM	$3.70	$1.36	$1.17	$1.66	$2.89	$1.89	$402	$98,630	$89.17	$13.91	$1.16	$221.60	$35.10
Dallas, TX	$3.78	$1.38	$1.23	$1.50	$2.63	$1.84	$516	$97,326	$146.24	$12.20	$1.13	$193.50	$36.32
Oklahoma City, OK	$3.96	$1.34	$1.05	$1.65	$2.73	$1.66	$355	$76,300	$127.60	$13.20	$1.11	$163.20	$28.00
Phoenix, AZ	$3.41	$1.19	$0.94	$1.13	$2.89	$1.56	$379	$99,924	$120.41	$12.05	$1.18	$218.20	$36.40

Midwest													
Columbus, OH	$4.16	$1.01	$1.14	$0.87	$2.75	$1.68	$311	$80,750	$119.35	$17.50	$1.12	$173.50	$24.60
Indianapolis, IN	$2.94	$1.39	$1.23	$1.61	$2.73	$1.43	$364	$82,260	$105.81	$19.87	$1.16	$219.25	$22.00
Quad-Cities, IA-IL	$3.02	$1.10	$0.97	$1.17	$2.48	$1.46	$341	$79,100	$110.40	$14.98	$1.25	$196.71	$33.90
St. Louis, MO	$3.40	$1.25	$1.12	$1.31	$2.54	$1.28	$351	$82,040	$113.14	$10.64	$1.20	$175.00	$26.00
Southeast													
Atlanta, GA	$3.63	$0.96	$1.48	$1.54	$2.64	$1.86	$395	$105,720	$149.63	$18.79	$1.14	$185.75	$28.00
Birmingham, AL	$3.55	$1.43	$1.19	$1.46	$2.56	$1.33	$333	$86,000	$138.16	$25.20	$1.15	$179.80	$25.25
Louisville, KY	$4.13	$1.27	$1.29	$1.07	$2.41	$1.55	$339	$72,800	$119.94	$18.70	$1.13	$214.20	$27.00
Miami, FL	$4.19	$1.49	$1.29	$0.76	$2.36	$1.37	$470	$94,667	$146.97	$14.77	$1.17	$206.25	$33.33
Atlantic/New Eng.													
Baltimore, MD	$4.45	$1.45	$1.04	$1.17	$2.55	$1.59	$443	$95,040	$105.00	$20.57	$1.14	$240.18	$25.80
Fall River, MA	$3.43	$1.25	$0.97	$0.91	$2.31	$1.61	$410	$96,200	$151.61	$11.07	$1.15	$193.50	$22.80
Hartford, CT	$3.73	$1.31	$1.03	$0.99	$2.47	$1.87	$498	$105,060	$144.58	$13.81	$1.21	$228.00	$26.00
New York, NY	$3.97	$1.49	$1.28	$0.99	$2.49	$1.89	$1,071	$131,000	$235.72	$18.35	$1.19	$211.00	$40.00
Philadelphia, PA	$4.11	$1.47	$1.04	$1.71	$2.62	$1.92	$507	$91,720	$182.92	$12.43	$1.13	$348.60	$32.00
ALL CITIES MEAN 2/	$3.58	$1.19	$1.15	$1.24	$2.60	$1.59	$364	$85,166	$115.73	$14.85	$1.17	$187.47	$28.87

1/ Juneau observations are for 1st Quarter 1986.
2/ All Cities refers to all 249 cities surveyed by ACCRA.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 3/86	r/ 2/86	3/85	Changes From: 2/86	3/85
Nonag. Wage & Salary	220800	218400	219400	2400	1400
Mining	9200	9200	9400	0	-200
Construction	12300	12500	15500	-200	-3200
Manufacturing	8300	7700	8400	600	-100
Food & Kindred Prod.	3000	2800	3000	200	0
Lumber & Paper Prod.	2000	1700	2100	300	-100
All Other Mfg.	3300	3200	3300	100	0
Trans. Comm. & Utilities	17900	17800	17700	100	200
Trucking & Whseing.	2100	2100	2300	0	-200
Water Transportation	1200	1000	1200	200	0
Air Transportation	5800	5800	5300	0	500
Other Trans. Comm. & Utilities	8800	8900	8900	-100	-100
Trade	44400	44100	43200	300	1200
Wholesale	8300	8300	8400	0	-100
Retail	36100	35800	34800	300	1300
Gen. Mer. & Apparel	5100	5200	4800	-100	300
Food Stores	6200	6100	5700	100	500
Eating & Drinking Pl.	13000	12600	12400	400	600
Other Retail Trade	11800	11900	11900	-100	-100
Finance-Ins. & R.E.	12900	12700	12300	200	600
Services & Misc.	45300	44800	44000	500	1300
Government	70500	69600	68900	900	1600
Federal	18100	17800	17100	300	1000
State	20800	20500	21000	300	-200
Local	31600	31300	30800	300	800

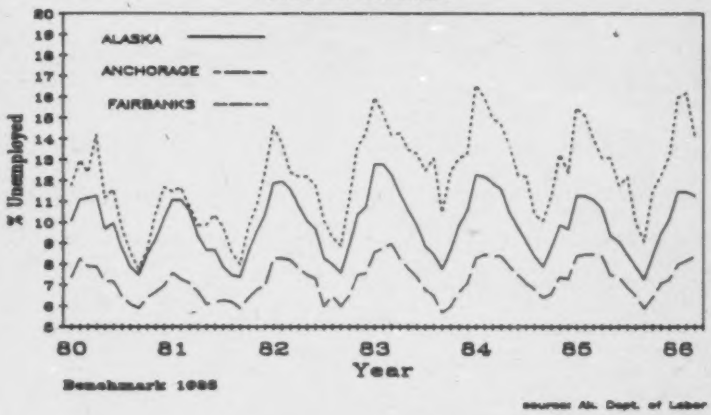
Prepared in cooperation with the U.S. Bureau of Labor Statistics.
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1985.

p/ Denotes preliminary estimates.
r/ Denotes revised estimates.

UNEMPLOYMENT RATES

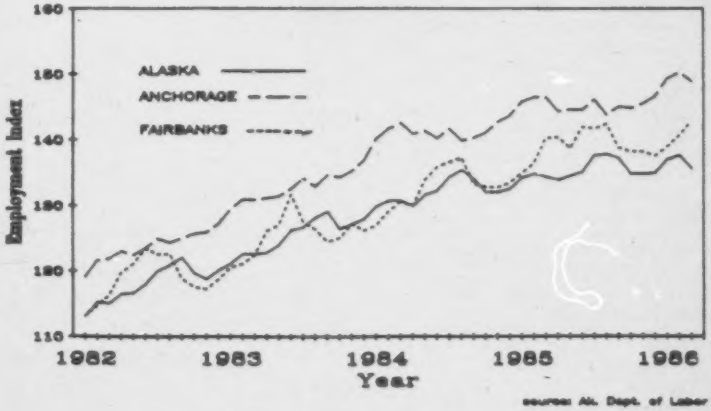
NOT SEASONALLY ADJUSTED
1980 to Present



source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes

Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

Construction Activity Profile Part II

Last month in the construction activity profile, the current trends in construction employment and building permit data were discussed. Part II of the activity profile will focus on the historical (1980-1985) relationships between these statistics, which then can be used for insights into future construction employment opportunities. Since permits represent construction projects planned for sometime in the future, permit data is a leading indicator of construction employment. However, in the planning stages employment in architecture, engineering, surveying and like industries is impacted prior to acquiring a permit.

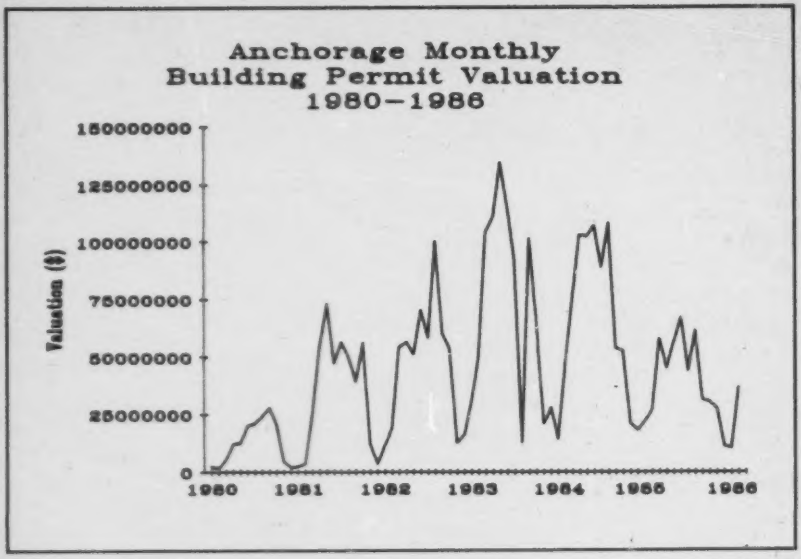
Regression models show that the association between construction employment and permit data are highly correlated. Their trend and seasonal patterns are similar. Indeed, regression model results show that permit data is a good predictor of construction employment, although the trend and seasonal patterns of the permit data tends to be more erratic than construction employment. In general, the greater the number of housing units and dollar valuation of projects indicated by the permit statistics the greater the number of construction jobs.

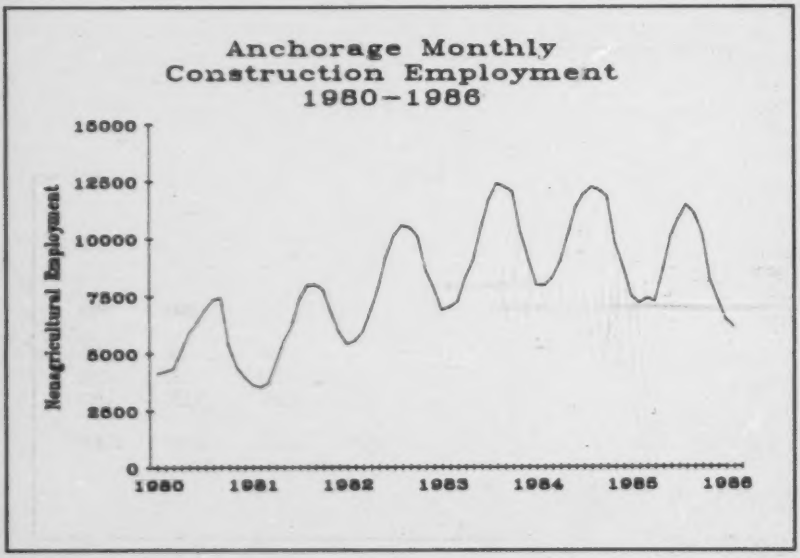
Anchorage Construction Employment
Annual Average 1980-1985
by Major Sector

	1980	1981	1982	1983	1984	1985
General construction	1,076	1,612	2,418	2,908	3,100	2,621
Heavy Construction	1,409	1,187	1,617	1,703	1,592	1,368
Special Trade	2,958	3,102	4,160	5,094	5,393	4,913
Total Construction	5,443	5,911	8,196	9,705	10,086	8,902

Source: Research and Analysis

Construction is the most volatile industry in the Anchorage economy. It has severe seasonal swings in employment as well as extreme reactions to economic cycles. For example, from August of 1985 to March of 1986 construction employment fell over 50%. Some of the decline is due to seasonal fluctuations while some is due to declining construction activity. A normal seasonal fluctuation in construction em-





ployment ranges from 25% to 35%. From 1980 to 1984 construction employment grew at rates as high as 39% and as low as 3.9% but in 1985 fell 11.7%. The trend and seasonal patterns revealed by the permit data are similar to those of construction employment, although the trend and seasonal patterns of the permit data tend to be more erratic. The accompanying graphs illustrates this well.

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 3/86	R/ 2/86	P/ 3/85	R/ 3/86	P/ 2/86	R/ 3/85	P/ 3/86	R/ 2/86	3/85	3/86	2/86	3/85
Alaska Statewide	252600	247702	242293	28602	28538	26917	11.3	11.5	11.1	223998	219164	215376
Anch-MatSu Region	137498	135310	131295	13039	12678	12466	9.5	9.4	9.5	124459	122632	118829
Anchorage Borough	120175	118182	114916	10097	9720	9817	8.4	8.2	8.5	110078	108462	105099
MatSu Borough	17323	17128	16379	2942	2958	2649	17.0	17.3	16.2	14381	14170	13730
Gulf Coast Region	25795	25169	24517	4209	3844	3858	16.3	15.3	15.7	21586	21325	20659
Kenai Peninsula Bor	16480	16031	15377	3128	2841	2599	19.0	17.7	16.9	13352	13190	12778
Kodiak Island Bor	5690	5580	5765	484	437	782	8.5	7.8	13.6	5206	5143	4983
Valdez-Cordova	3625	3558	3375	597	566	477	16.5	15.9	14.1	3028	2992	2898
Interior Region	38416	38083	37226	5341	6045	5137	13.9	15.9	13.8	33075	32038	32089
Fairbanks North Star Bor	31165	30889	30156	4437	4999	4224	14.2	16.2	14.0	26728	25890	25932
Southeast Fairbanks	3085	3061	2964	385	446	345	12.5	14.6	11.6	2700	2615	2619
Yukon-Koyukuk	4166	4133	4106	519	600	568	12.5	14.5	13.8	3647	3533	3538
Northern Region	8313	7987	8382	984	906	845	11.8	11.3	10.1	7329	7081	7537
Kobuk	2616	2523	2644	323	307	286	12.3	12.2	10.8	2293	2216	2358
Nome	3559	3394	3554	499	439	408	14.0	12.9	11.5	3060	2955	3146
North Slope Borough	2138	2070	2184	162	160	151	7.6	7.7	6.9	1976	1910	2033
Southeast Region	32283	31044	30952	4133	4049	3607	12.8	13.0	11.7	28150	26995	27345
Haines Borough	1052	1014	1015	174	172	162	16.5	17.0	16.0	878	842	853
Juneau Borough	12477	11903	11920	1344	1226	1105	10.8	10.3	9.3	11133	10677	10815
Ketchikan Gateway Bor	6831	6627	6600	837	879	778	12.3	13.3	11.8	5994	5748	5822
Pr. of Wales-Outer Ketch	2467	2437	2321	422	476	334	17.1	19.5	14.4	2045	1961	1987
Sitka Borough	3931	3773	3692	446	431	307	11.3	11.4	8.3	3485	3342	3385
Skagway-Yakutat-Angoon	2026	1919	1995	388	349	404	19.2	18.2	20.3	1638	1570	1591
Wrangell-Petersburg	3499	3371	3409	522	516	517	14.9	15.3	15.2	2977	2855	2892
Southwest Region	10295	10109	9921	896	1016	1004	8.7	10.1	10.1	9399	9093	8917
Aleutian Islands	2374	2296	2268	77	74	89	3.2	3.2	3.9	2297	2222	2179
Bethel	4071	4000	3912	425	473	453	10.4	11.8	11.6	3646	3527	3459
Bristol Bay Borough	415	410	396	50	57	50	12.0	13.9	12.6	365	353	346
Dillingham	1770	1769	1728	150	201	191	8.5	11.4	11.1	1620	1568	1537
Wade Hampton	1665	1634	1617	194	211	221	11.7	12.9	13.7	1471	1423	1396

P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Regression models show that permit statistic changes lead construction employment changes by three months. Further evidence suggests the lead varies by type of project. The lag in construction employment changes is shorter for residential projects than for commercial projects. In general the larger the project, the longer it impacts construction employment levels.

Also the changes in construction employment indicated by a change in the dollar valuation varies. During times of rapid construction activity, construction costs tend to go up meaning less work can be done per dollar; but during declines in construction activity, construction costs tend to decline, hence more work can be done per construction dollar. In Anchorage the latter was the case from 1983 to 1986. For example, valuation of permits fell nearly 60% in the last two years, yet has not been matched by equal declines in construction employment.

The relationship between construction permit data and construction employment vary by components of construction employment. For the purpose of this analysis the construction employment and permit data are broken into two major components, residential and commercial. Permit data contains the number of building permits issued, number of housing units and the dollar valuation of the projects.

Residential construction

From 1980 to 1984 residential construction contributed to over 60% of permits and valuation. Hence, the residential construction boom was on one hand a key factor in rapid construction employment growth and on the other hand a primary contributor to declines in construction employment when activity began to slow after the 1983 building season.
The residential permit data is broken into four major components: single family, duplex, multifamily and residential remodel. The single family component was the largest of these, accounting for 30% to nearly 50% of total building permit valuation during any one year from 1980 to 1986. The duplex segment was the smallest component (even smaller than residential remodel). The peak year for duplex construction was in 1982 when it represented 4.2% of the permits and 5% of valuation (23.7 million and 440 units). Whereas, the multifamily peaked in 1983 with 5,364 units (700 permits) totalling $258.9 million, 26% of total permit valuation for that year.

Commercial Construction

When residential construction activity began to subside in 1984 commercial construction was hitting its peak. In 1984 permits for new and remodeled commercial construction projects totaled $409 million (51%

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	p/ 3/86	r/ 2/86	3/85	Changes From: 2/86	3/85
Nonag. Wage & Salary	112400	112000	110500	400	1900
Mining	4350	4300	4350	50	0
Construction	5850	6100	7400	-250	-1550
Manufacturing	2400	2350	2350	50	50
Food & Kindred Prod.	350	350	350	0	0
Other Mfg.	2050	2000	2000	50	50
Trans. Comm. & Utilities	9500	9450	9050	50	450
Trucking & Whseing.	1200	1150	1200	50	0
Water Transportation	300	300	350	0	-50
Air Transportation	3700	3700	3150	0	550
Other Trans. Comm. & Utilities	4300	4300	4350	0	-50
Trade	27100	27150	26050	-50	1050
Wholesale	6250	6250	6350	0	-100
Retail	20850	20900	19700	-50	1150
Gen. Merchandise	1900	1900	1600	0	300
Food Stores	3100	3050	2850	50	250
Eating & Drinking Pl.	7850	7900	7500	-50	350
Other Retail Trade	8000	8050	7750	-50	250
Finance-Ins. & R.E.	8700	8450	8450	250	250
Services & Misc.	27150	27100	26450	50	700
Government	27350	27100	26400	250	950
Federal	10050	10000	9750	50	300
State	7550	7500	7450	50	100
Local	9750	9600	9200	150	550

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	p/ 3/86	r/ 2/86	3/85	Changes From: 2/86	3/85
Nonag. Wage & Salary	119900	119700	117350	200	2550
Mining	4350	4300	4350	50	0
Construction	6350	6650	8050	-300	-1700
Manufacturing	2450	2450	2450	0	0
Trans. Comm. & Utilities	10150	10100	9650	50	500
Trade	28950	29100	27650	-150	1300
Finance-Ins. & R.E.	9200	8950	9000	250	200
Services & Misc.	28500	28500	27600	0	900
Government	29950	29650	28600	300	1350

of total valuation). With another $360 million in new and remodel commercial building permits issued the prior year and much of the work being done the following year, 1984 was a banner year for commercial construction. Although permit valuation fell by 38% in 1985, the $166 million in projects was higher than the 1982 levels. Regression models show that construction employment is more sensitive to the movement of commercial valuation than to the number of permits issued.

Construction Employment Outlook

Construction employment will continue to decline in 1986. Earlier employment forecasts indicated declines of around 10%, but with the rapid decline in oil prices this appears to be optimistic. The permit statistics are also pointing to a steeper decline in construction. In the last two years the number of permits issued has fallen by over 50% and permit valuation has fallen 59%. Though a construction dollar can do more work in 1986 than in previous years the sharp declines in construction valuation more than offsets the increase in productivity. It appears that construction employment declines will range from 15% to 20% in 1986. Commercial construction activity will decline but will provide for the majority of construction jobs. The residential market will also continue to decline, as construction of multifamily and duplex units fall sharply. The construction of single family home in the higher price ranges appear to be the residential market bright spot.

Current Trends

Anchorage total wage and salary employment began its upward seasonal trend in March as winter layoffs slowed in the construction and trade industries while other industries hired new workers. As summer approaches, the construction and tourist related industries will increase employment levels. Construction employment will not experience increases as large as in the past six years, but tourism is forecast to be exceptional. Tourism will get a boost in 1986 because of improved exchange rates and American tourism to Europe and the Mediterranean is expected to decline.

Over-the-year growth in total employment is still present despite falling oil prices, a poor business environment, and falling construction employment. The 1,900 new jobs over last March represents a growth rate of 1.7%.

Fairbanks/Interior

By Neal Fried

Employment Forecast Update

In the December issue of this publication, a forecast of Fairbanks employment was made for 1986 and 1987. The forecast was produced before we had any inkling of the precipitous decline in oil prices. The assumption was that oil prices would fall, but only gradually, and would remain slightly above the $20 threshold. Because this assumption was clearly incorrect, a second look at the forecast is warranted.

In December, it was forecast that employment in Fairbanks would grow by 3% in 1986. Even in light of the dramatic declines in state oil revenues, employment is still forecast to grow in 1986, though far less vigorously than previously forecasted. During the past 5 years Fairbanks employment has grown 6.8% per year. Employment will grow by less than a third that rate in 1986.

Industry Outlook

There were industries that were forecast to grow or remain flat in the December forecast that will either decline or not grow as a result of falling oil revenues. Construction employment was forecast to remain flat, but it appears construction employment will decline in 1986. Both commercial and residential construction reached their peaks in 1985 and will both decline in 1986. These sectors are presently overbuilt. Public construction will also be somewhat slower this year. Fairbanks' state fiscal 1986 capital budget was significantly smaller than previous years, and given the present oil price collapse, the FY 1987 capital budget will also be far smaller. Military related construction will be approximately $5 million dollars higher in 1986, not a large enough increase to offset the losses in the other construction sectors. For workers in this industry, it will mean employment opportunities will be the worst they have been in five years.

Local and state government was expected to increase employment in Fairbanks in 1986. Presently it appears state and local government will remain flat in 1986. There may be some small layoffs during the latter part of 1986 but these will be offset by gains made earlier in the year.

Nineteen eighty-six was forecast to be one of the busiest years the North Slope has had in many years. The sudden drop in oil prices has meant that some planned activity will be curtailed. This means fewer Fairbanks residents will be working on the Slope than expect-

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/ 3/86	r/ 2/86	3/85	Changes From: 2/86	3/85
Nonag. Wage & Salary	28200	27600	27750	600	450
Mining	100	100	150	0	-50
Construction	2150	1900	2450	250	-300
Manufacturing	550	550	500	0	50
Trans. Comm. & Utilities	2750	2700	2800	50	-50
Trucking & Whseing.	500	450	550	50	-50
Air Transportation	850	850	850	0	0
Other Trans. Comm. & Utilities	1400	1400	1400	0	0
Trade	5850	5800	5700	50	150
Wholesale	950	950	1000	0	-50
Retail	4900	4850	4700	50	200
Gen. Mer. & Apparel	550	550	500	0	50
Food Stores	750	750	750	0	0
Other Retail Trade	3600	3550	3450	50	150
Finance-Ins. & R.E.	1050	1050	950	0	100
Services & Misc.	5900	5750	5550	150	350
Government	9850	9750	9650	100	200
Federal	2650	2650	2550	0	100
State	4250	4200	4200	50	50
Local	2950	2900	2900	50	50

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	p/ 3/86	r/ 2/86	3/85	Changes From: 2/86	3/85
Nonag. Wage & Salary	31650	31050	31400	600	250
Mining	250	200	250	50	0
Construction	2200	2000	2500	200	-300
Manufacturing	550	550	550	0	0
Trans. Comm. & Utilities	3000	2950	3050	50	-50
Trade	6250	6200	6050	50	200
Finance-Ins. & R.E.	1100	1100	1000	0	100
Services & Misc.	6100	5950	5850	150	250
Government	12200	12100	12150	100	50

ed and fewer supplies will be demanded from local business. Retail trade and service employment will continue to grow through 1986, though slightly less than forecast because of the poor outlook for construction, government, and North Slope activity.

Fairbanks' Alternative

The military expansion will help stave off some of the oil related declines in Fairbanks economy in 1986. Though it appears the big push of military construction and troop levels will not occur until 1987, the activity that will occur is psychologically very important for Fairbanks' economy. Consumer and business confidence will be less adversely affected as elsewhere in the state, where there is little on the economic horizon that will offset the loss of oil revenues in the short term.

Current Trends

Fairbanks' unemployment rate indicates an economy coming out of the winter doldrums. March's unemployment rate fell to 14.2% from 16.2% in February. Last year's March unemployment rate was 14.0%. Though the rate has improved, it remains almost 3 points above the statewide rate of 11.3% and double the national rate (7.1%).

Wage and salary employment picked up in March. A gain of 650 jobs was recorded this month. Five out of Fairbanks eight industries remain on the plus side when compared to last years levels, for a total gain of 450 jobs. Construction is one of the industries which has lost employment. It appears construction employment levels will remain below year-ago levels through the remainder of the year.

Gulf Coast

By Neal Fried

Homer - Still On The Move

Unlike the anemic growth that was posted in most of the state during the past year, Homer's economic picture was quite different. Employment in Homer grew 7% in 1985, compared to 2% statewide. During the past five years Homer's employment grew by 42%. Counted in jobs, more than 520 new jobs have been created in Homer since 1980. This compares to 32% job growth statewide, a full ten percentage points below Homer's rate. With the present slide in oil prices, many economy watchers are forecasting employment losses statewide, but Homer will elude this fate.

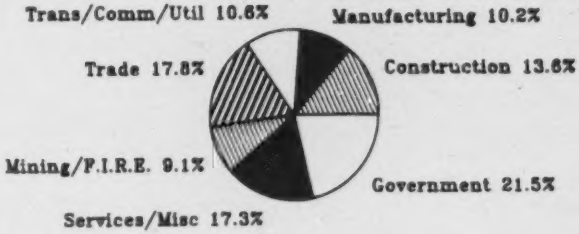
Homer posted these employment gains in spite of the fact that fishing, its largest industry, has been disappointing. Employment in this industry has actually declined rather precipitously because of poor king crab and shrimp harvests. Employment in Homer's canneries fell from the 300 level in 1980 to just under 200 in 1985. Recent good dungeness crab and salmon harvests have been able to cushion some of this decline. No up-to-date fish harvesting employment statistics specific to Homer are available, but fish harvesting employment has also suffered from declining shell fish harvests. Fishing remains the areas single largest employer, but other industries have been able to more than make up for these losses.

Homer
Wage and Salary Employment
1980-1985*

	1980	1985
Total	1,239	1,796
Mining	**	**
Construction	69	244
Manufacturing	313	183
Trans. Comm. & Utilities	186	190
Trade	203	319
Finance-Ins. & R. E.	**	**
Services & Misc.	186	310
Government	222	386
Federal	31	39
State	4	19
Local	188	328

*1985 data is based on nine months of data.
**Nondisclosable

Homer Employment by Industry 1985*



*based on 9 months of data

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	p/ 3/86	r/ 2/86	3/85	Changes From: 2/86	3/85
Nonag. Wage & Salary	18750	18800	18350	-50	400
Mining	750	750	750	0	0
Construction	1350	1500	1450	-150	-100
Manufacturing	1750	1850	1800	-100	-50
Food & Kindred Prod.	1100	1200	1150	-100	-50
All Other Mfg.	650	650	650	0	0
Trans. Comm. & Utilities	1750	1700	1750	50	0
Trade	3700	3700	3450	0	250
Wholesale	500	500	500	0	0
Retail	3200	3200	2950	0	250
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3100	3100	2900	0	200
Government	5700	5550	5600	150	100
Federal	550	500	500	50	50
State	1550	1550	1650	0	-100
Local	3600	3500	3450	100	150

Anchorage Building Permit Statistics 1/
By Major Type (1980-1985)

Permits/valuation	1980	1981	1982	1983	1984	1985
Single family	785	1,785	2,705	3,612	2,615	1,466
valuation $	70,629,848	163,426,669	213,110,390	319,373,866	241,433,076	153,849,034
Duplex	53	153	220	147	146	69
valuation $	6,094,902	17,090,797	23,713,432	18,971,691	20,045,722	11,034,664
Multi-family-31	132	271	700	274	151	
number units	180	472	1829	5364	1702	830
valuation $	10,369,117	45,367,999	99,285,879	258,916,467	98,967,504	52,189,754
Commercial	66	124	236	355	319	187
valuation $	33,235,135	143,980,980	153,964,216	275,765,025	270,771,252	165,700,528
Res. remodel	559	790	1073	1167	1016	904
valuation $	8,005,700	16,953,363	19,606,103	20,793,578	22,695,142	21,623,522
Comm. remodel	301	395	568	808	562	810
valuation $	25,868,482	35,649,555	50,572,369	84,716,101	138,600,201	77,073,859
Total	2,114	3,903	5,441	6,812	5,232	3,587
valuation $	54,448,434	424,866,433	562,756,126	1,001,288,077	792,512,847	481,471,975

Source: Municipality of Anchorage: *Building Safety Activity Report*.

1/ The permit statistics produced by the Municipality of Anchorage does not include road, highway or other heavy construction projects and military construction. These segments are expected to remain stable in 1986.

State oil revenues have boosted some of the city's industries, particularly construction and government. Over the past 5 years construction employment in Homer has more than tripled. State capital dollars have built new port facilities, schools, roads, and many other local projects. Homer recorded construction gains in 1985, when most of the state's construction industry was suffering losses.

Homer may have another good construction year in 1986 because work will begin on the $356 million Bradley Lake Dam project. It is too early to determine the degree of impact this project will have on the city's economy. It will depend on whether Homer residents find employment with the contractors building the dam. Providing logistical support and supplies to the dam project will also provide economic opportunities to Homer. The City of Homer has plans for this years construction season to be equally as busy as last years. Residential construction will decline because the Homer housing market has softened considerably.

Government has added about 150 jobs over the past five years. Most of the growth has come in the local government sector. This has been necessary because of the communities rapid population growth, and has been possible as additional state funds have been made available to the City of Homer and the Kenai Peninsula Borough.

Tourism

As one of Alaska's premier tourist meccas, Homer has been able to take advantage of Alaska's burgeoning population and growth in the number of non-Alaskan tourists visiting Alaska. Homer is home to Alaska's largest charter boat fleet and provides numerous other recreation opportunities to state residents and non-Alaskans. Though we don't have employment numbers specific to the tourist industry, the effect of this industry is particularly felt in the trade and service sectors, two industries that have grown rather dramatically. Together these industries employ 34% of Homer's wage and salary employment and have added 148 new jobs over the past five years.

Future Prospects

Homer will have employment gains this year. Tourism looks good, construction will be fair, and a very strong salmon harvest is expected. Falling state revenues will not, however, leave Homer unaffected. The Bradley Lake project will keep capital construction dollars flowing into the area for a number of years. However, operating revenues for the city, the Kenai Peninsula Borough, and local state offices will be affected by the loss of state funds. Many of Homer's tourists originate from elsewhere in Alaska, more specifically Anchorage, which is al-

ready feeling the effects of falling oil prices. This could mean this share of Homer's tourist trade will not grow as it has in the past, nor will it have the income to spend. This could curtail growth of this local industry.

Though Homer will not escape the oil revenue decline unscathed, it may be positioned to do better than many other areas in the state. Its diversification, particularly its fishing and tourist industries may provide a buffer against a loss in employment elsewhere. Unlike many communities, Homer's population does not grow because of economic opportunities only. Its mixture of natural beauty and life styles also provides a strong attraction to many people. Its large artistic community may be an expression of this appeal. Though this type of attraction induced growth cannot be readily measured, it appears Homer's economy will continue to benefit from this phenomenon.

Current Trends

The Kenai Peninsula Borough has the distinction of having the second highest unemployment rate in the state in March. The March unemployment rate of 19% was more than 2 points above year-ago's level. A slower construction season and a more sluggish employment picture is pushing the area's unemployment rate upwards.

Kodiak's unemployment rate of 8.5% in March is a vast improvement compared to last March's unemployment rate of 13.5%. This improvement is not due to a major rebound in the area's economy. Some of the unemployed have found employment but others have left the area, effectively lowering the labor force, thereby lowering the unemployment rate.

Southeast Alaska

By John Boucher

1986 Public Construction Solid

As the summer construction season approaches, apprehension has been expressed about the possibility of a lean year for Southeast Alaska construction. For the past five years, construction in Southeast Alaska has been a major source of employment growth. In 1980, construction accounted for 4.5% of all jobs in Southeast Alaska on an annual basis, by 1983 this had jumped to 7.0%, a gain of 805 jobs. Construction employment fell off slightly in 1984 to 6.3% of employment and figures through the third quarter of 1985 indicate construction employment near 1700 jobs and between 5.5% and 6.0% of total Southeast Alaska employment. While there is a clear trend in Southeast toward contracting construction employment, there is still a greater number of construction jobs in Southeast Alaska than there was five years ago, and preliminary indications are that 1986 will be no exception.

The public construction sector, primarily funded by state petroleum revenue, has been one of the reasons for the construction boom in the last five years. Recent announcements of falling oil revenues have prompted industry watchers to predict a dramatic drop in 1986 construction employment because the state's source of revenue is rapidly declining. A check with both city and state officials indicate that public construction in their areas in terms of dollars spent will be at least as good as last year and in some cases better. Following is a inventory of public construction projects on stream for the summer.

Juneau:

Public construction in the capital city looks to be booming in 1986. According to city officials, during the last five years an average of $8 to $9 million dollars a year has been spent on construction projects. Should every project fall into place this year, Juneau could spend nearly $40 million on construction projects. Big ticket items include $11 million for the Mendenhall Treatment Plant, $3.7 million for the Douglas Fire Hall/Library, and $5 million for the continuation of the valley water and sewer system. Should the Bartlett Memorial Hospital expansion begin, that project would inject another $13 million into an already good construction season.

Ketchikan:

The City of Ketchikan's major projects for the summer is the Schoenbar Intertie, with a price tag of near $2.5 million. A new mental health

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

			Changes From:		
	p/ 3/86	r/ 2/86	3/85	2/86	3/85
Nonag. Wage & Salary	27600	26800	27500	800	100
Construction	1150	1000	1450	150	-300
Manufacturing	2400	2100	2550	300	-150
Food & Kindred Prod.	500	450	500	50	0
Lumber & Paper Prod.	1700	1450	1850	250	-150
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	1850	1800	1750	50	100
Trade	4250	4150	4150	100	100
Wholesale	350	350	350	0	0
Retail	3900	3800	3800	100	100
Finance-Ins. & R.E.	1100	1100	1050	0	50
Mining, Services & Misc.	4350	4300	4250	50	100
Government	12500	12350	12300	150	200
Federal	2050	2000	1950	50	100
State	5650	5550	5650	100	0
Local	4800	4800	4700	0	100

facility and alcohol and substance abuse facility could add $1.2 million. Cemetery upgrades, an airport project, street improvements and building maintenance projects all will add to construction employment. Officials say Ketchikan public construction employment should be at least as good as 1985 and possibly better.

Sitka:

Of the cities contacted, only Sitka appeared to anticipate a down year for public construction. The Whitcomb Heights road project, a senior citizens activity center, and some smaller water and sewer projects are the big municipal activities planned. Total projects are anticipated to be $1.8 million, but if a proposed bond sale for airport expansion is approved by the assembly, construction monies could double and match 1985's construction spending.

Wrangell/Petersburg:

Wrangell and Petersburg both look to match last year's construction spending and both communities' big ticket items are the second phase of school construction projects. Petersburg is converting its former high school into a middle school, while Wrangell is continuing its high

school project. Projects expected to be on line this summer in Petersburg include the Scow Bay area road project, downtown street improvements and pool, hospital and dock improvements. Wrangell will have the completion of the public safety building, the Bennett Street water and sewer extension, removal of the old wharf, and paving of Zimovia Highway.

State Funded Projects

The Department of Transportation and Public Facilities Southeast Region reports that projects already in the construction phase are about 93% of last year's total dollar amount spent on construction. Among the big ticket items are the Juneau Pioneers Home, a $9.3 million dollar project, continuation of the upgrade of Mt. Edgecumbe schools, and the Ketchikan dry docking facility. The following table compares expenditures in 1985 compared to projected expenditures for 1986.

Southeast Alaska Region
Alaska Department of Transportation
Construction Expenditures
1985 and 1986
(in millions)

Mode	1985	Projected 1986
Highways	20.2	17.7
Aviation	2.8	5.2
Harbors	2.8	2.2
Buildings	13.7	11.8
Total	39.5	36.9

Source: Alaska Department of Transportation and Public Facilities.

Other Projects

The federal government, particularly the U.S. Forest Service, is a big source of Southeast Alaska construction monies. Construction projects for the Forest Service are expected to top $26 million this year. Over $25 million will go to the construction of roads within the Tongass National Forest, $14.2 million into road purchaser credits and Forest Service augmentation, and $11.1 million to the Tongass road construction program. $1.1 million will be spent primarily on bridge construction. The Forest Service also expects to spend $1.7 million on facilities, the

biggest of which are a ranger station and marine facility in Wrangell and a crew quarters in Hoonah.

The Bureau of Indian Affairs (BIA) and the U.S. Coast Guard are also planning construction activity during the summer. The Coast Guard's two biggest projects are docks in Ketchikan and Sitka; between the two projects $1.2 million will be spent. The BIA program, which provides roads to villages, is anticipating $1.5 million in new construction for projects at Kasaan, Kluckwan, and Saxman. In conjunction with the Department of Housing and Urban Development (HUD), the Tlingit and Haida Regional Housing Authority is expecting to spend $1.8 million on the renovation of existing native housing and $5.6 million on low income and elderly housing units in Kake, Klawock, Saxman and Angoon.

Summary

Although residential and commercial construction are expected to be curtailed this summer due to the uncertainty of the long term outlook in the Southeast economy, 1986 construction looks to be a very respectable year. All of the agencies contacted expected a drop in construction in 1987; however, the outlook for 1986 looks to be another solid year for construction employment.